

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
October 19, 2011

Project Number CA-2011-861

Project Name Temple Art Lofts
 Site Address: 707 - 715 Marin Street
 Vallejo, CA 94590 County: Solano
 Census Tract: 2509.000

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$351,267	\$0
Recommended:	\$351,267	\$0

Applicant Information

Applicant: Temple Art Loft Associates, L.P.
 Contact: Monique Hastings
 Address: 9 Cushing, Suite 200
 Irvine, CA 92618
 Phone: (949) 923-7805 Fax: (949) 585-0449
 Email: mhastings@newportpartners.com

General partner(s) or principal owner(s): Domus GP, LLC
 Synergy Community Development Corporation
 General Partner Type: Joint Venture
 Developer: Domus Development, LLC
 Investor/Consultant: Alliant Capital, LTD
 Management Agent: Domus Management Company

Project Information

Construction Type: Rehabilitation
 Total # Residential Buildings: 2
 Total # of Units: 29
 No. & % of Tax Credit Units: 28 100%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt / HOME / CDBG / NSP
 HCD MHP Funding: No
 55-Year Use/Affordability: Yes
 Number of Units @ or below 50% of area median income: 28

Bond Information

Issuer: California Municipal Finance Authority
 Expected Date of Issuance: 12/01/11
 Credit Enhancement: N/A

Information

Housing Type: Non-Targeted
 Geographic Area: North and East Bay Region
 TCAC Project Analyst: Velia M. Greenwood

Unit Mix

9 SRO/Studio Units
 11 1-Bedroom Units
 9 2-Bedroom Units

 29 Total Units

Unit Type & Number	2010 Rents Targeted % of Area Median Income	2010 Rents Actual % of Area Median Income	Proposed Rent (including utilities)
9 SRO/Studio	50%	49%	\$693
11 1 Bedroom	50%	49%	\$743
8 2 Bedrooms	50%	49%	\$891
1 2 Bedrooms	Manager's Unit	Manager's Unit	\$0

Project Financing

Estimated Total Project Cost: \$10,957,040
 Estimated Residential Project Cost: \$9,228,060
 Estimated Commercial Project Cost: \$1,728,980

Residential

 Construction Cost Per Square Foot: \$216
 Per Unit Cost: \$318,209

Construction Financing

Permanent Financing

Source	Amount	Source	Amount
US Bank	\$6,250,000	US Bank	\$880,000
City of Vallejo - RDA	\$450,000	City of Vallejo - RDA	\$750,000
City of Vallejo - HOME	\$297,440	City of Vallejo - HOME	\$495,734
City of Vallejo - NSP 1	\$488,680	City of Vallejo - NSP 1	\$814,466
City of Vallejo - NSP 3	\$314,027	City of Vallejo - NSP 3	\$523,378
Solano County - RDA	\$1,020,000	Solano County - RDA	\$1,700,000
City of Vallejo - CDBG	\$240,000	City of Vallejo - CDBG	\$400,000
Historic Tax Credit Equity	\$347,369	Historic Tax Credit Equity	\$1,736,846
Deferred Developer Fee	\$953,793	Deferred Developer Fee	\$517,963
Tax Credit Equity	\$595,731	Tax Credit Equity	\$3,138,653
		TOTAL	\$10,957,040

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	\$8,561,076
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$11,129,399
Applicable Rate:	3.40%
Total Maximum Annual Federal Credit:	\$351,267
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,315,158
Investor/Consultant:	Alliant Capital, LTD
Federal Tax Credit Factor:	\$0.89352

Per Regulation Section 10322(i)(4)(A), The “as if vacant” land value and the existing improvement value established at application, as well as the eligible basis amount derived from those values, will be used during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits.

Per Regulation Section 10327(c)(2)(C), Once established at the initial funded application, the developer fee cannot be increased, but may be decreased, in the event of a modification in basis.

Eligible Basis and Basis Limit

Requested Unadjusted Eligible Basis:	\$8,561,076
Actual Eligible Basis:	\$8,561,076
Unadjusted Threshold Basis Limit:	\$7,298,308
Total Adjusted Threshold Basis Limit:	\$16,668,671

Adjustments to Basis Limit:

Required to Pay Prevailing Wages

Seismic Upgrading

55-Year Use/Affordability Restriction – 1% for Each 1% of Low-Income Units are Income Targeted between 50% AMI & 36% AMI: 100%

Cost Analysis and Line Item Review

Staff analysis of project costs to determine reasonableness found all fees to be within TCAC’s underwriting guidelines and TCAC limitations. Annual operating expenses exceed the minimum operating expenses established in the Regulations, and the project pro forma shows a positive cash flow from year one. Staff has calculated federal tax credits based on 3.40% of the qualified basis. Applicants are cautioned to consider the expected federal rate when negotiating with investors. TCAC's financial evaluation at project completion will determine the final allocation.

Special Issues/Other Significant Information: None.

Local Reviewing Agency:

The Local Reviewing Agency has not yet completed a site review of this project. Any negative comments in the LRA report will cause this staff report to be revised to reflect such comments.

Recommendation: Staff recommends that the Committee make a preliminary reservation of tax credits in the following amount(s) contingent upon standard conditions and any additional conditions imposed by the Committee:

Federal Tax Credits/Annual
\$351,267

State Tax Credits/Total
\$0

Standard Conditions

If applicant is receiving tax-exempt bond financing from other than CalHFA, the applicant shall apply for a bond allocation from the California Debt Limit Allocation Committee’s next scheduled meeting, if not previously granted an allocation; shall have received an allocation from CDLAC; and, shall issue bonds within time limits specified by CDLAC.

The applicant anticipates financing more than 50% of the project aggregate basis with tax-exempt bond proceeds as calculated by the project tax professional. Therefore, the federal credit reserved for this project will not count against the annual ceiling.

The IRS has advised TCAC that the amount of tax-exempt bonds issued, equivalent to at least 50% of aggregate basis, must remain in place through the first year of the credit period or until eligible basis is finally determined.

TCAC makes the preliminary reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project as presented will be permitted without the express approval of TCAC.

The applicant must pay TCAC an allocation fee calculated in accordance with regulation. Additionally, TCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit and state credit shown above on condition that the final project costs be supported by itemized lender approved costs and certified costs after the buildings are placed in service.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by TCAC in its final feasibility analysis.

Additional Conditions: None.